

CAMERON, HINES & HARTT**(A Professional Accounting Corporation)****Certified Public Accountants****104 Regency Place****West Monroe, Louisiana 71291****Mailing Address:****P O Box 2474****West Monroe, LA 71294-2474****Phone (318) 323-1717****Fax (318) 322-5121****August 13, 2012****Louisiana Legislative Auditor****P.O. Box 94397****Baton Rouge, LA 70804-9397**

The Town of Mangham's financial statements for the year ending June 30, 2011 have been revised to reflect grant money received and spent but never recorded on the Town's financial records. The Town's revisions include an increase in grant revenue and capital assets in the sewer fund.

Respectfully,**John D. Cameron, CPA**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **SEP 05 2012**

REISSUE

TOWN OF MANGHAM, LOUISIANA

*Financial Statements
For the Year Ended June 30, 2011*



TOWN OF MANGHAM, LOUISIANA

**Annual Financial Statements
As of and for the Year Ended June 30, 2011
With Supplemental Information Schedules**

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TOWN OF MANGHAM, LOUISIANA

**Annual Financial Statements
As of and for the Year Ended June 30, 2011
With Supplemental Information Schedules**

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INDEPENDENT AUDITORS' REPORT

Honorable Mayor and Board of Aldermen of the
Town of Mangham, Louisiana

We have audited the accompanying basic primary government financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Town of Mangham, Louisiana (which is "the Town" as well as "the primary government"), as of and for the year ended June 30, 2011, which collectively comprise the basic primary government financial statements of the Town's primary government as listed in the table of contents. These financial statements are the responsibility of the Town's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information for the primary government of the Town as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 2, 2012, on our consideration of the Town of Mangham's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Honorable Mayor and Board of Aldermen of the
Town of Mangham, Louisiana
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Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 5 through 10 and page 30 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Cameron, Hines & Hartt (APAC)

West Monroe, Louisiana
August 2, 2012

REQUIRED SUPPLEMENTAL INFORMATION (PART A)
MANAGEMENT'S DISCUSSION AND ANALYSIS

TOWN OF MANGHAM, LOUISIANA
Management Discussion and Analysis
As of and for the Year Ended June 30, 2011

Management's Discussion and Analysis is a fact-based analysis of the Town's financial activities during the fiscal year ended June 30, 2011. Its purpose is to provide an overview of activities within the Town based on currently known facts, decision, and conditions.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Government issued June 2001. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

As with other sections of the financial report, the information contained within the MD&A should be considered only a part of the greater whole. The readers of this statement should take time to read and evaluate all sections of this report, including the footnotes and the other Required Supplementary Information ("RSI") that is provided in addition to this Management Discussion and Analysis.

Financial Highlights

- The assets of the Town exceeded its liabilities at the close of the fiscal year by \$3,029,463 (net assets). Of this amount, \$761,126 (unrestricted net assets) represents the portion of net assets that is not invested in capital assets or otherwise restricted
- The government's total net assets increased by \$188,251.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$464,056 an increase of \$16,478 in comparison with the prior year. Of this total amount, \$464,056 is available for spending at the government's discretion.
- The Town's total debt decreased by approximately \$5,775 during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Mangham's basic financial statements. The Town of Mangham's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the Town of Mangham's finances, in a manner similar to a private-sector business. The statement of net assets presents information on all of the Town of Mangham's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town of Mangham is improving or deteriorating.

The statement of activities presents information showing how the Town's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses

Town of Mangham, Louisiana
Management Discussion and Analysis (continued)

are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

Both of the government-wide financial statements distinguish functions of the Town of Mangham that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Town of Mangham include general government, public safety, sanitation, public works and Community Center. The business-type activities of the Town of Mangham include water and sewer.

The government-wide financial statements can be found on pages 11 and 12 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Mangham like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town of Mangham can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the Town's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Town of Mangham maintains 2 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Sales Tax Fund all of which are considered to be major funds.

The Town of Mangham adopts an annual appropriated budget for its general fund and special revenue funds. A budgetary comparison statement has been provided for those funds to demonstrate compliance with this budget.

Proprietary funds. The Town of Mangham maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Proprietary funds provide the same type of information the government-wide financial statements, only in more detail.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Town of Mangham, Louisiana
Management Discussion and Analysis (continued)

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Town of Mangham's compliance with budgets for its major funds

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Town of Mangham, assets exceeded liabilities by approximately \$3,029,463 at the close of the most recent fiscal year.

By far the largest amount of the Town of Mangham's net assets (\$2,220,646) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The Town of Mangham uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Mangham's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

	Governmental Activities		Business-Type Activities		Totals	
	06/30/11	06/30/10	06/30/11	06/30/10	06/30/11	06/30/10
Current & other assets	\$468,182	\$453,409	\$367,356	\$327,102	\$835,538	\$780,511
Capital assets	383,442	414,299	2,342,466	2,179,838	2,725,908	2,594,137
Total assets	\$851,624	\$867,708	\$2,709,822	\$2,506,940	\$3,561,446	\$3,374,648
Current & other liabilities	\$4,126	\$5,831	\$22,595	\$18,568	\$26,721	\$22,399
Long-term liabilities	0	0	505,262	511,037	505,262	511,037
Total liabilities	\$4,126	\$5,831	\$527,857	\$527,605	\$531,983	\$533,436
Net Assets:						
Invested in Capital Assets						
net of related debt	\$383,442	\$414,299	\$1,837,204	\$1,668,801	\$2,220,646	\$2,083,100
Restricted	0	0	47,691	45,027	47,691	45,027
Unrestricted	464,056	447,578	297,070	265,507	761,126	713,085
Total net assets	\$847,498	\$861,877	\$2,181,965	\$1,979,335	\$3,029,463	\$2,841,212

The balance of \$464,056 in unrestricted net assets in the governmental activities represents the accumulated results of all past year's operations. Net assets increased by \$188,251 from the prior year. The changes in net assets are discussed later in this MD&A.

Governmental activities. Governmental activities decreased the Town of Mangham's net assets by \$14,379. Key elements of the changes in net assets are as follows.

Town of Mangham, Louisiana
Management Discussion and Analysis (continued)

	Governmental Activities		Business-Type Activities		Totals	
	06/30/11	06/30/10	06/30/11	06/30/10	06/30/11	06/30/10
Revenues:						
Program Revenues:						
Charges for services	81,432	79,563	\$138,180	\$128,307	\$219,612	\$207,870
Operating grants & contributions	4,600	14,108	0	0	4,600	14,108
Capital grants & contributions	25,000	73,275	249,089	448,245	274,089	521,520
General Revenues:					0	0
Property taxes	32,309	31,528	5,808	5,698	38,117	37,226
Sales taxes	77,595	75,985			77,595	75,985
Other taxes	16,758	14,929			16,758	14,929
Other general revenues	39,283	41,852	2,042	2,162	41,325	44,014
Total revenues	276,977	331,240	395,099	584,412	672,078	915,852
Expenses:						
General Government	84,450	74,267			84,450	74,267
Public Safety and Protection	110,866	116,175			110,866	116,175
Public Works	35,975	40,248			35,975	40,248
Sanitation	24,037	24,562			24,037	24,562
Culture and Recreation	11,028	12,731			11,028	12,731
Water			132,594	128,090	132,594	128,090
Sewer			64,436	43,031	64,436	43,031
Interest on long term debt			20,439	21,736	20,439	21,736
Total expenses	266,356	267,983	217,469	192,857	483,825	460,840
Increase (decrease) in assets before transfers	10,621	63,257	177,630	391,555	188,251	454,812
Transfers	(25,000)	(25,000)	25,000	25,000	0	0
Increase (decrease) in net assets	(\$14,379)	\$38,257	\$202,630	\$416,555	\$188,251	\$454,812

Expenses are classified by functions/programs. General government accounts for approximately \$84,000 while public safety, public works, sanitation, and community center accounts for approximately \$182,000 for the fiscal year 2011. The related program revenues for fiscal 2011 directly related to these expenses totaled \$106,992, which resulted in net program expenses of \$155,324. The remaining balance of expenses represents the cost to the taxpayers. The costs of governmental activities exceeding restricted state and federal grants are paid primarily from the following sources:

- Sales tax revenues are the largest and most significant source of revenue for the Town of Mangham. It provides approximately \$78,000 of general fund revenue.
- Insurance premium taxes are the second largest revenue source to the Town, generating approximately \$30,000 of general fund revenue

Business-type activities. Business-type activities increase the Town of Mangham's net assets by approximately \$202,000. Key elements of this increase are as follows.

- Water Fund activities increased net assets by approximately \$136,000.
- Sewer Fund activities increased net assets by approximately \$66,000.

Town of Mangham, Louisiana
Management Discussion and Analysis (continued)

Financial Analysis of the Government's Funds

As noted earlier, the Town of Mangham uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of the Town of Mangham's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town of Mangham's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Town of Mangham's governmental funds reported combined ending fund balances of \$464,056 an increase of \$16,478 in comparison with the prior year. All of this total amount (\$464,056) constitutes unreserved fund balance, which is available for spending at the Town's discretion.

General Fund Budgetary Highlights

In accordance with Louisiana Revised Statutes Title 39, Chapter 9, Louisiana Local Government Budget Act (LSA- R.S 39:1301 et seq), the Town of Mangham must adopt a budget for the General Fund and all Special Revenue funds prior to June 30. The original budget for the Town was adopted on June 14, 2010 with one amendment for the year.

Revenues: Overall revenues for the General Fund were projected to decrease during FY 2011 by \$90,000 from the previous year. All other revenues were expected to remain the same for 2011.

Expenditures: General governmental expenditures comprise 30% of the General Funds Appropriations.

Capital Asset and Debt Administration

Capital assets. The Town of Mangham's investment in capital assets for its governmental and business type activities as of June 30, 2011, amounts to \$2,725,908 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system improvements, machinery and equipment and street improvements.

Major capital asset events in the current fiscal year included the completion of a sewer improvement project, a storage building for the water department and equipment for the tractors.

Town of Mangham, Louisiana
Management Discussion and Analysis (continued)

Town of Mangham Capital Assets

	<u>06/30/11</u>	<u>06/30/10</u>
Land	\$41,250	\$41,250
Building & Improvements	173,906	173,906
Machines & Equipment	73,771	73,771
Vehicles	37,842	37,842
Infrastructure	257,233	257,233
Sewer System	967,870	855,778
Water System	2,076,294	1,918,716
Total	<u>3,628,166</u>	<u>3,358,496</u>
Less Accumulated Depreciation	<u>(902,258)</u>	<u>(764,359)</u>
Total Capital Assets	<u>\$2,725,908</u>	<u>\$2,594,137</u>

Town of Mangham Outstanding Debt

Water Notes	\$505,262	\$511,037
Sewer Notes	<u>0</u>	<u>0</u>
	<u>\$505,262</u>	<u>\$511,037</u>

Economic Factors and Next Year's Budgets and Rates

Factors considered in preparing the Town of Mangham's budget for the 2011 fiscal year included the impact that the property tax reassessments that were completed which increased property values for the Town and determining the amount of revenue that will be generated from sales tax. Sales taxes account for approximately 25% of the Town's total revenue. With current economic conditions, sales tax revenue is projected to remain flat for the next fiscal year. All other revenues should remain fairly constant.

Requests for Information

This financial report is designed to provide a general overview of the Town of Mangham's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Town Clerk, Post Office 94 Mangham, Louisiana 71295.

PRIMARY GOVERNMENT FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

STATEMENT A**TOWN OF MANGHAM, LOUISIANA****Statement of Net Assets****June 30, 2011**

	PRIMARY GOVERNMENT		
	GOVERNMENTAL	BUSINESS-TYPE	
	ACTIVITIES	ACTIVITIES	TOTAL
ASSETS			
Cash and cash equivalents	\$220,105	\$574,245	\$794,350
Receivables (net of allowances for uncollectibles)	24,398	16,790	41,188
Internal balances	223,679	(223,679)	0
Capital assets (net)	383,442	2,342,466	2,725,908
TOTAL ASSETS	\$851,624	\$2,709,822	\$3,561,446
LIABILITIES			
Accounts, salaries, and other payables	\$4,126	\$22,595	\$26,721
Capital leases payable			0
Loans payable		505,262	505,262
TOTAL LIABILITIES	\$4,126	\$527,857	\$531,983
NET ASSETS			
Invested in capital assets, net of related debt	\$383,442	\$1,837,204	\$2,220,646
Restricted for debt service		47,691	47,691
Unrestricted	484,056	297,070	781,126
TOTAL NET ASSETS	\$847,498	\$2,181,965	\$3,029,463

The accompanying notes are an integral part of this financial statement.

TOWN OF MANGHAM, LOUISIANA
Statement of Activities

For the Year Ended June 30, 2011

	Program Revenues			Net (Expenses)/ Revenue	Net (Expenses) Revenues and Changes of Primary Government		
	Charges for Services	Operating Grants and Contributions			Governmental Activities	Business-type Activities	Total
		Capital Grants & Contributions					
Governmental Activities							
General government	\$84,450			\$84,450	\$84,450		\$84,450
Public safety and protection	110,866	4,600	25,000	41,178	41,178		41,178
Public works	35,975			35,975	35,975		35,975
Sanitation	24,037	27,444		(3,407)	(3,407)		(3,407)
Culture & Recreation	11,028	13,900		(2,872)	(2,872)		(2,872)
Total Governmental Activities	266,356	4,600	25,000	155,324	155,324		155,324
Business-type Activities							
Water	153,033	122,753	134,244	(103,964)		(103,964)	(103,964)
Sewer	64,436	15,427	114,825	(65,816)		(65,816)	(65,816)
Total Business-type Activities	217,469	138,180	249,069	(169,780)		(169,780)	(169,780)
Total Primary Government	\$483,825	\$219,612	\$274,069	(\$14,456)	\$155,324	(\$169,780)	(\$14,456)

General Revenues

Property taxes	\$32,309	\$5,808	\$38,117
Sales taxes	77,595		77,595
Franchise taxes	16,758		16,758
Occupational licenses	30,052		30,052
Investment earnings	866	2,042	2,908
Other general revenues	8,365		8,365
Transfers	(25,000)	25,000	0
Total general revenues and transfers	140,945	32,850	173,795
Change in Net Assets	(14,379)	202,630	188,251
Net assets-beginning	881,877	1,978,336	2,841,212
Net assets-ending	\$847,498	\$2,181,965	\$3,029,463

Statement B

The accompanying notes are an integral part of this financial statement.

PRIMARY GOVERNMENT FINANCIAL STATEMENTS

FUND FINANCIAL STATEMENTS

TOWN OF MANGHAM, LOUISIANA
Balance Sheet, Governmental Funds
June 30, 2011

	GENERAL FUND	MAJOR FUNDS SALES TAX FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS			
Cash and cash equivalents	\$175,836	\$44,269	\$220,105
Receivables (net of allowances for uncollectibles)	17,422	6,976	24,398
Due from other funds	223,679	49,380	273,059
TOTAL ASSETS	\$416,937	\$100,625	\$517,562
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts, salaries, and other payables	4,126		4,126
Due to other funds	49,380		49,380
Total Liabilities	53,506		53,506
Fund balances:			
Assigned		100,625	100,625
Unassigned	363,431		363,431
Total Fund Balances	363,431	100,625	464,056
TOTAL LIABILITIES AND FUND BALANCES	\$53,506	\$100,625	\$154,131
Reconciliation of The Governmental Funds Balance Sheet to The Government-Wide Financial Statement of Net Assets			
Amounts reported for governmental activities in the Statement of Net Assets are different because:			
Fund Balances, Total Governmental Funds:			\$464,056
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.			
Governmental assets		584,002	
Less Accumulated Depreciation		(200,560)	383,442
Long-term liabilities, including bonds payable are not due and payable in the current period and therefore are not reported in the governmental funds:			
Capital lease		0	0
Net Assets of Governmental Activities (Statement A)			\$847,498

The accompanying notes are an integral part of this financial statement.

TOWN OF MANGHAM, LOUISIANA
Statement of Revenues, Expenditures and
and Changes in Fund Balances
Governmental Funds

For the Year Ended June 30, 2011

	GENERAL FUND	MAJOR FUNDS SALES TAX FUND	TOTAL GOVERNMENTAL FUNDS
REVENUES			
Taxes:			
Sales and use	\$ -	\$77,595	\$77,595
Franchise tax	16,758		16,758
Ad valorem tax	32,309		32,309
Licenses and permits	30,052		30,052
Intergovernmental revenues:			
State funds:			
Grant	29,600		29,600
Charges for services	41,344		41,344
Fines and forfeitures	40,088		40,088
Investment earnings	485	380	865
Other revenues	8,365		8,365
Total Revenues	<u>199,001</u>	<u>77,975</u>	<u>276,976</u>
EXPENDITURES			
General government	79,274	713	79,987
Public safety and protection	101,234		101,234
Public works	21,022		21,022
Sanitation	24,036		24,036
Culture and recreation	9,218		9,218
Capital outlay	0		0
Total Expenditures	<u>234,784</u>	<u>713</u>	<u>235,497</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(35,783)	77,262	41,479
OTHER FINANCING SOURCES (USES)			
Transfers in	77,262		77,262
Transfers out	(25,000)	(77,262)	(102,262)
Total Other Financing Sources and Uses	<u>52,262</u>	<u>(77,262)</u>	<u>(25,000)</u>
Net Change in Fund Balance	16,479	0	16,479
Fund balances -- beginning	346,952	100,625	447,577
Fund balances -- ending	<u>\$363,431</u>	<u>\$100,625</u>	<u>\$464,056</u>

Reconciliation of The Statement of Revenues, Expenditures,
and Changes in Fund Balances of Governmental Funds
To the Statement of Activities

For the Year Ended June 30, 2011

Amounts reported for governmental activities in the Statement of Activities are different because

Net Change in Fund Balances, Total Governmental Funds \$16,479

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Depreciation expense	(30,858)	
Capital outlay	0	(30,858)
Change in Net Assets of Governmental Activities, Statement B		<u>(\$14,379)</u>

The accompanying notes are an integral part of this financial statement

TOWN OF MANGHAM, LOUISIANA

Statement of Net Assets, Proprietary Funds

June 30, 2011

	<u>BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS</u>		
	<u>(Major Enterprise Funds)</u>		<u>TOTAL</u>
	<u>WATER</u>	<u>SEWER</u>	<u>ENTERPRISE</u>
	<u>FUND</u>	<u>FUND</u>	<u>FUNDS</u>
ASSETS			
Current Assets:			
Cash and cash equivalents	\$464,315	\$109,930	\$574,245
Receivables (net of allowances for uncollectibles)	14,004	2,786	16,790
Total Current Assets	<u>478,319</u>	<u>112,716</u>	<u>591,035</u>
Non-Current Assets:			
Capital assets (net of accumulated depreciation)	1,746,537	595,929	2,342,466
Total Non-Current Assets	<u>1,746,537</u>	<u>595,929</u>	<u>2,342,466</u>
TOTAL ASSETS	<u>\$2,224,856</u>	<u>\$708,645</u>	<u>\$2,933,501</u>
LIABILITIES			
Current Liabilities:			
Accounts, salaries, and other payables	\$3,605	\$3,000	\$6,605
Customer Deposits Refundable	15,990	0	15,990
Due to other funds	28,307	197,372	223,679
Total Current Liabilities	<u>45,902</u>	<u>200,372</u>	<u>246,274</u>
Non Current Liabilities:			
Notes Payable-USDA	505,262	0	505,262
Total Non-Current Liabilities	<u>505,262</u>	<u>0</u>	<u>505,262</u>
NET ASSETS			
Invested in capital assets, net of related debt	1,241,275	595,929	1,837,204
Restricted for debt service	5,772	41,919	47,691
Unrestricted	426,645	(129,575)	297,070
TOTAL NET ASSETS	<u>\$1,673,692</u>	<u>\$508,273</u>	<u>\$2,181,965</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF MANGHAM, LOUISIANA

Statement of Revenues, Expenses and Changes in Net Assets
Proprietary Funds

For the Year Ended June 30, 2011

	<u>BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS</u>		
	<u>(Major Enterprise Funds)</u>		<u>TOTAL</u>
	<u>WATER</u>	<u>SEWER</u>	<u>ENTERPRISE</u>
	<u>FUND</u>	<u>FUND</u>	<u>FUNDS</u>
Operating Revenues			
Charges for services:			
Water sales	\$119,463	\$0	\$119,463
Sewer charges	0	14,650	14,650
Other services	3,290	777	4,067
Total Operating Revenues	<u>122,753</u>	<u>15,427</u>	<u>138,180</u>
Operating Expenses			
Salaries and wages	9,046	9,046	18,092
Materials and supplies	24,346	7,576	31,922
Other services and charges	22,321	14,321	36,642
Depreciation	76,881	33,493	110,374
Total Operating Expenses	<u>132,594</u>	<u>64,436</u>	<u>197,030</u>
Operating Income (Loss)	<u>(9,841)</u>	<u>(49,009)</u>	<u>(58,850)</u>
Nonoperating Revenues (Expenses)			
Property Taxes	5,808	0	5,808
Grant	134,244	114,825	249,069
Interest earnings	1,816	426	2,042
Interest expense	(20,439)	0	(20,439)
Total Nonoperating Revenues (Expenses)	<u>121,229</u>	<u>115,251</u>	<u>236,480</u>
Income (Loss) Before Contributions and Transfers	<u>111,388</u>	<u>66,242</u>	<u>177,630</u>
Capital Contributions	0	0	0
Transfers in	25,000	0	25,000
Transfer Out	0	0	0
Change in Net Assets	<u>136,388</u>	<u>66,242</u>	<u>202,630</u>
Total Net Assets-Beginning	<u>1,537,304</u>	<u>442,031</u>	<u>1,979,335</u>
Total Net Assets-Ending	<u>\$1,673,692</u>	<u>\$508,273</u>	<u>\$2,181,965</u>
Reconciliation			
Changes in Net Assets Above			<u>\$202,630</u>
Adjustment to consolidate internal service activities related to enterprise activities			<u>0</u>
Changes in Net Assets of Business-type Activities, Statement B			<u>\$202,630</u>

The accompanying notes are an integral part of this financial statement.

TOWN OF MANGHAM, LOUISIANA

Statement of Cash Flows, Proprietary Funds

For the Year Ended June 30, 2011

	BUSINESS-TYPE ACTIVITIES-ENTERPRISE FUNDS		
	(Major Enterprise Funds)		TOTAL
	WATER	SEWER	ENTERPRISE
	FUND	FUND	FUNDS
Cash Flows From Operating Activities			
Receipts from customers and users	\$122,498	\$13,207	\$135,703
Payments to suppliers	(27,193)	(4,342)	(31,535)
Payments to employees	(9,046)	(9,046)	(18,092)
Net Cash Provided by Operating Activities	<u>86,257</u>	<u>(181)</u>	<u>86,076</u>
Cash Flows From NonCapital Financing Activities			
Property Taxes	5,808	0	5,808
Grants	134,244	114,825	249,069
Transfers to/from other funds	25,000	0	25,000
Net Cash Provided by Noncapital Financing Activities	<u>165,052</u>	<u>114,825</u>	<u>279,877</u>
Cash Flows From Capital and Related Financing Activities			
Purchases of capital assets	(157,578)	(115,425)	(273,003)
Proceeds from capital debt	0	0	0
Principal paid on capital debt	(5,775)	0	(5,775)
Interest paid on capital debt	(20,439)	0	(20,439)
Net Cash Provided (used) by Capital and Related Financing Activities	<u>(183,792)</u>	<u>(115,425)</u>	<u>(299,217)</u>
Cash Flows From Investing Activities			
Interest and dividends received	1,616	426	2,042
Net Cash Provided by Investing Activities	<u>1,616</u>	<u>426</u>	<u>2,042</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>68,133</u>	<u>(355)</u>	<u>68,778</u>
Cash and Cash Equivalents, Beginning of Year	<u>395,182</u>	<u>110,285</u>	<u>505,467</u>
Cash and Cash Equivalents, End of Year	<u><u>\$464,315</u></u>	<u><u>\$109,930</u></u>	<u><u>\$574,245</u></u>
Reconciliation of Operating Income to Net Cash Provided (used) by Operating Activities			
Operating income	(\$9,841)	(\$49,009)	(\$58,850)
Depreciation expense	76,881	33,493	110,374
(Increase) decrease in accounts receivable	138	(1,444)	(1,306)
(Increase) decrease in due from other funds	0	0	0
Increase (decrease) in allowance for uncollectible accounts	0	0	0
Increase (decrease) in customer deposits	2,705	0	2,705
Increase (decrease) in accounts payable	844	2,479	3,323
Increase (decrease) in due to other funds	15,530	14,300	29,830
Total Adjustments	<u>96,098</u>	<u>48,828</u>	<u>144,926</u>
Net Cash Provided (used) by Operating Activities	<u><u>\$86,257</u></u>	<u><u>(\$181)</u></u>	<u><u>\$86,076</u></u>
Listing of Noncash Investing, Capital, and Financial Activities			
Borrowing under capital leases	0	0	0
Contributions of capital assets from government	0	0	0
Purchase of equipment on account	0	0	0
Increase in fair value of investments	0	0	0
Capital assets traded in	0	0	0

The accompanying notes are an integral part of this financial statement.

TOWN OF MANGHAM, LOUISIANA

Notes to the Financial Statements As of and for the Year Ended June 30, 2011

INTRODUCTION

The Town of Mangham, Louisiana was incorporated March 4, 1907, under the provisions of the Lawrason Act. The Town operates under a Board of Aldermen-Mayor form of government and provides the following services as authorized by its charter: public safety, highways and streets, sanitation, public improvements and general administrative services. The Town has a population of approximately 650 people and employs seven people excluding the mayor and the five aldermen.

GASB Statement No. 14, *The Reporting Entity*, established criteria for determining the governmental reporting entity and component units that should be included within the reporting entity. Under provisions of this Statement, the Town is considered a primary government, since it is a special purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state or local governments. As used in GASB Statement No. 14, fiscally independent means that the Town may, without the approval or consent of another governmental entity, determine or modify its own budget, levy its own taxes or set rates or charges, and issue bonded debt. The Town has oversight of other component units that are, either, blended into the Town's basic financial statements or discretely presented in a separate column in the government-wide financial statements. The Town of Mangham has no component units as of June 30, 2011.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meetings the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major

TOWN OF MANGHAM, Louisiana
Notes to the Financial Statements (Continued)

individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessment receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when the government receives cash.

The Town reports the following major governmental funds:

The General Fund is the Town's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Town reports the following major proprietary funds:

The Water Fund provides water services to the citizens inside the Town's boundaries. It accounts for all revenues and expenses associated with providing water service.

The Sewer Fund provides sewer services to the citizens inside the Town's boundaries. It accounts for all revenues and expenses associated with providing sewer service.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the governments enterprise operations. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

TOWN OF MANGHAM, Louisiana
Notes to the Financial Statements (Continued)

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principle operating revenues derived from the proprietary funds include water and sewer fees along with new installation fees. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Town's policy to use restricted resources first, and then unrestricted resources as they are needed.

C. Deposits and Investments

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. State law and the Town's investment policy allow the Town to invest in collateralized certificates of deposits, government back securities, commercial paper, the state sponsored investment pool, and mutual funds consisting solely of government backed securities.

Investments for the Town, as well as for its component units, are reported at fair value. The state investment pool (LAMP) operates in accordance with state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

D. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectives. The Town uses the allowance method for uncollectible water fees and writes off accounts when it deems them to be totally uncollectible.

Property taxes are levied on a calendar year basis and become due on January 1 of each year. The following is a summary of authorized and levied ad valorem taxes:

TOWN OF MANGHAM, Louisiana
Notes to the Financial Statements (Continued)

	<u>Authorized Millage</u>	<u>Levied Millage</u>	<u>Expiration Date</u>
Taxes due for:			
General fund	7.61	7.61	2016
Water Plant Fund	3.25	3.25	2016
Street Maintenance	2.17	2.17	2016
General fund	8.25	8.25	2016

Sales Taxes The Town of Mangham collects a 1% sales tax, which is not designated for a specific purpose at this time. The tax may be used for any expenditure necessary. The tax is due to expire in June 2016.

F. Restricted Assets

The Town's Sewer Fund has restricted assets in accordance with the loan agreement in the amount of \$41,919. This is to cover the loan in case the Town defaults on the loan. As of June 30, 2011 the loans have been paid in full.

The Town's Water Fund has restricted assets in accordance with the loan agreement in the amount of \$5,772. An amount of \$222 per month is deposited into a reserve account per the agreement. This is to cover the loan in case of default.

G. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are capitalized at historical cost or estimated cost if historical cost is not available. Donated assets are recorded as capital assets at their estimated fair market value at the date of donation. The Town maintains a threshold level of \$2,500 or more for capitalizing capital assets.

As permitted by GASB 34, the Town has elected not to report infrastructure assets retroactively.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The Town had no interest to capitalize under construction.

All capital assets, other than land, are depreciated using the straight-line method over the following useful lives:

TOWN OF MANGHAM, Louisiana
Notes to the Financial Statements (Continued)

<u>Description</u>	<u>Estimated Lives</u>
Buildings and building improvements	40 Years
Furniture and fixtures	5 – 10 Years
Vehicles	5 Years
Equipment	7 – 15 Years
Sewer system	20 – 40 Years
Water system	20 – 40 Years

H. Compensated Absences

Full time employees of the Town earn 5/6 working days per year of 30 days for each month worked for annual leave. Annual leave cannot be accumulated therefore no accrual has been made.

Employees can earn up to 15 days of sick leave each year. Employees are not paid for accumulated sick leave upon termination, therefore, no accrual has been made.

I. Long-Term Obligations

In the government-wide financial statements, and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of the debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

J. Fund Equity

GASB Statement No. 54 establishes standards for five fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of resources reported in government funds. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form – prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned and unassigned.

Restricted Fund Balance – This classification reflects the constraints imposed on resources either (a) externally by creditors, grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation.

TOWN OF MANGHAM, Louisiana
Notes to the Financial Statements (Continued)

Committed Fund Balance – These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions or ordinances of the town aldermen – the government's highest level of decision making authority. Those committed amounts cannot be used for any other purpose unless the town aldermen remove the specified use by taking the same type of action imposing the commitment. This classification also includes contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Fund Balance – This classification reflects the amounts constrained by the town's "intent" to be used for specific purposes, but are neither restricted nor committed. The town aldermen and management have the authority to assign amounts to be used for specific purposes. Assigned fund balances include all remaining amounts (except negative balances) that are reported in governmental funds, other than the general fund, that are not classified as nonspendable and are neither restricted nor committed.

Unassigned Fund Balance – This fund balance is the residual classification for the general fund. It is also used to report negative fund balances in other governmental funds.

When both restricted and unrestricted resources are available for use, it is the town's policy to use externally restricted resources first, then unrestricted resources – committed, assigned and unassigned – in order as needed.

K. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues, expenditures, and expenses during the reporting period. Actual results could differ from those estimates.

2. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

BUDGET INFORMATION. The Town uses the following budget practices:

Preliminary budgets for the ensuing fiscal year are prepared by the Town Clerk during May of each year. Prior to June 15, the Mayor submits to the Board of Aldermen, a proposed budget for the fiscal year commencing the following July 1. The availability of the proposed budget for public inspection and the date of the next meeting on the budget are then advertised in the official journal. The budget is then adopted during the meeting prior to June 30. All annual appropriations lapse at year-end

The budget comparison statements included in the accompanying financial statements reflect the original adopted budget and all amendments made. Accounting principles applied for purposes of developing data on a budgetary basis and those used to present financial statements in conformity with generally accepted accounting principles are the same and no adjustment is necessary to convert the actual GAAP data to the budgetary basis.

TOWN OF MANGHAM, Louisiana
Notes to the Financial Statements (Continued)

3. CASH AND CASH EQUIVALENTS

At June 30, 2011 the Town has cash and cash equivalents (book balances) totaling \$794,350 as follows:

	<u>General Fund</u>	<u>Sales Tax Fund</u>	<u>Proprietary Funds</u>	<u>Totals</u>
Demand deposits	\$105,245		\$371,317	\$476,562
Interest-bearing demand deposits	5,704			5,704
Time deposits	64,887	44,269	202,928	312,084
Other				
	<u>\$175,836</u>	<u>\$44,269</u>	<u>\$574,245</u>	<u>\$794,350</u>

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties.

At June 30, 2011, the Town has \$796,180 in deposits (collected bank balances). These deposits are secured from risk by \$500,000 of federal deposit insurance and \$2,136,900 of pledged securities held by the custodial bank in the name of the fiscal agent bank (GASB Category 3).

Even though the pledged securities are considered uncollateralized (Category 3) under the provisions of GASB Statement 3, RS 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the municipality that the fiscal agent has failed to pay deposited funds upon demand.

4. RECEIVABLES

The receivables of \$41,188 at June 30, 2011 are as follows:

<u>Class of Receivable</u>	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Proprietary Funds</u>	<u>Total</u>
Services	\$4,985	\$	\$16,062	\$21,047
Fines	12,375			12,375
Accrued Interest	62	7	728	797
Sales Tax		6,969	0	6,969
Total	<u>\$17,422</u>	<u>\$6,976</u>	<u>\$16,790</u>	<u>\$41,188</u>

The proprietary funds have an allowance account of \$550 and used the direct write-off method when an account is deemed uncollectible.

TOWN OF MANGHAM, Louisiana
Notes to the Financial Statements (Continued)

5. INTERFUND RECEIVABLES/PAYABLES

Short-term cash loans between funds are considered temporary in nature. These amounts are reported as "due from/to other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

6. CAPITAL ASSETS

Capital assets and depreciation activity as of and for the year ended June 30, 2011 for the primary government is as follows:

	Balance 06/30/10	Additions	Retirements	Balance 06/30/11
Governmental Activities:				
Nondepreciable assets:				
Land	\$41,250			\$41,250
Depreciable assets:				
Buildings & Improvements	173,908			173,908
Equipment	73,771			73,771
Vehicles	37,842			37,842
Street Improvements	257,233			257,233
Total capital assets being depreciated	542,752	0	0	542,752
Less accumulated depreciation	(169,703)	(30,857)		(200,560)
Total capital assets being depreciated, net	373,049	(30,857)	0	342,192
Total governmental activities capital assets, net	\$414,299	(\$30,857)	\$0	\$383,442
Business-type activities:				
Nondepreciable assets:				
Land	\$10,450			\$10,450
Depreciable assets:				
Structures & Sewer System	369,170	593,513		962,683
Water Plant & Distribution	1,834,020			1,834,020
Furniture & Equipment	59,509	22,684	3,334	78,859
Construction in Progress	478,088	250,318	593,513	134,893
Vehicles	23,258			23,258
Total capital assets being depreciated	2,764,045	866,515	596,847	3,033,713
Less accumulated depreciation	(594,657)	(110,374)	(3,334)	(701,697)
Total capital assets being depreciated, net	2,169,388	756,141	593,513	2,332,016
Total business-type activities capital assets, net	\$2,179,838	\$756,141	\$593,513	\$2,342,466

Depreciation expense is charges to functions of the governmental and business-type activities as follows:

TOWN OF MANGHAM, Louisiana
Notes to the Financial Statements (Continued)

<u>Governmental Activities:</u>		<u>Business-Type Activities:</u>	
General Government	4,463	Sewer	33,493
Public safety and protection	9,632	Water	76,881
Public works	14,952		
Sanitation	0		
Culture and recreation	1,810		
Totals	<u>30,857</u>		<u>110,374</u>

9. INTERFUND RECEIVABLES, PAYABLE, AND TRANSFERS

The composition of interfund balances as of June 30, 2011 is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Sewer Fund	General Fund	\$197,372
Water Fund	General Fund	26,307
Special Revenues	General Fund	(49,380)
Water Fund	Sewer Fund	0
		<u>\$174,299</u>

10. ACCOUNTS, SALARIES, AND OTHER PAYABLES

The payables of \$26,721 at June 30, 2011 are as follows:

	<u>General Fund</u>	<u>Proprietary Funds</u>	<u>Total</u>
Accounts	\$ 4,126	\$ 5,406	\$ 9,532
Other	<u> </u>	<u>17,189</u>	<u>17,189</u>
	<u>\$4,126</u>	<u>\$22,595</u>	<u>\$26,721</u>

12. LEASES

The Town records (does not record) items under capital leases as an asset and an obligation in the accompanying financial statements. All leases have been paid in full as of June 30, 2011.

13. LONG-TERM OBLIGATIONS

The following is a summary of the long-term obligation transactions for the year ended June 30, 2011:

TOWN OF MANGHAM, Louisiana
Notes to the Financial Statements (Continued)

	Bonded Debt	USDA	Total
Long-term Obligations at Beginning of Year	\$0	\$511,037	\$511,037
Additions	0	0	0
Deductions	0	5,775	5,775
Long-term Obligations at End of Year	\$0	\$505,262	\$505,262

Year Ending June 30, 2011	Principal Payments	Interest Payments	Total
2012	6,021	20,727	26,748
2013	6,274	20,474	26,748
2014	6,537	20,211	26,748
2015	6,812	19,936	26,748
2016	7,099	19,649	26,748
2017-2049	472,519	383,417	855,936
Total	\$505,262	\$484,414	\$989,676

The water fund accounts for the USDA funding and the general fund has no long-term debt as of June 30, 2011.

A water project loan from the USDA originated on 05/09/08 at 4.125 percent interest. This loan was granted to make major improvements to the water system lines and water plant. At completion, a payment of \$16,494 was made which consisted of accrued interest to date and \$584 of principal. The monthly payments of \$2,229 began 05/09/09 for a period of 40 years.

14. RETIREMENT SYSTEMS

Substantially all employees of the Town of Mangham are members of the following statewide retirement systems: Municipal Employees Retirement System of Louisiana or the Municipal Police Employees Retirement System of Louisiana. These systems are cost-sharing, multiple-employer defined benefit pension plans administered by separate boards of trustees. Pertinent information relative to each plan follows:

A. Municipal Employees Retirement System of Louisiana (System)

Plan Description. The System is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. One employee of the Town is a member of Plan B.

All permanent employees working at least 35 hours per week who are not covered by another pension plan and are paid wholly or in part from municipal funds and all elected municipal officials are eligible to participate in the System. Under Plan B, employees who retire at or after age 60 with at least 10 years of creditable service at or after age 55 with at least 30 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 2% of their final-average monthly salary in excess of \$100 for each year of creditable service. Furthermore, employees with at least 10 years of creditable service, but less than 30 years, may take early retirement benefits commencing at or after age 60, with

TOWN OF MANGHAM, Louisiana
Notes to the Financial Statements (Continued)

the basic benefit reduced 3% for each year retirement precedes age 62, unless he has at least 30 years of creditable service. In any case, monthly retirement benefits paid under Plan B cannot exceed 100% of final-average salary. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Employees Retirement System of Louisiana, 7937 Office Park Boulevard, Baton Rouge, Louisiana 70809, or by calling (504) 925-4810.

Funding Policy. Under Plan B, members are required by state statute to contribute 5.0% of their annual covered salary and the Town of Mangham is required to contribute at an actuarially determined rate. The current rate is 2.75% of annual covered payroll. Contributions to the System also include one-fourth of 1% (except Orleans and East Baton Rouge parishes) of the taxes shown to be collectible by the tax rolls of each parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of the active members of each plan. The contribution requirements of plan members and the Town of Mangham are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Mangham contributions to the System under Plan B for the years ending June 30, 2011, 2010, and 2009 were \$1,221, \$1,198, and \$1,161, respectively, equal to the required contributions for each year.

B. Municipal Police Employees Retirement System of Louisiana (System)

Plan Description. All full-time police department employees engaged in law enforcement are required to participate in the System. Employees who retire at or after age 50 with at least 20 years of creditable service or at or after age 55 with at least 12 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 1/3% of their final-average salary for each year of creditable service. Final-average salary is the employee's average salary over the 36 consecutive or joined months that produce the highest average. Employees who terminate with at least the amount of creditable service stated above, and do not withdraw their employee contributions, may retire at the ages specified above and receive the benefit accrued to their date of termination. The System also provides death and disability benefits. Benefits are established or amended by state statute.

The System issues an annual publicly available financial report that includes financial statements and required supplementary information for the System. That report may be obtained by writing to the Municipal Police Employees Retirement System of Louisiana, 8401 United Plaza Boulevard, Baton Rouge, Louisiana 70809-2250, or by calling (504) 929-7411.

Funding Policy. Plan members are required by state statute to contribute 7.5% of their annual covered salary and the Town of Mangham is required to contribute at an actuarially determined rate. The current rate is 9.0% of annual covered payroll. The contribution requirements of plan members and the Town of Mangham are established and may be amended by state statute. As provided by R.S. 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The Town of Mangham contributions to the System for the years ending June 30, 2011, 2010, and 2009, were \$8,304, \$3,595, and \$5,271, respectively, equal to the required contributions for each year.

TOWN OF MANGHAM, Louisiana
Notes to the Financial Statements (Continued)

15. SUBSEQUENT EVENTS

The Town of Mangham has completed the water system improvements and is now in the process of making major improvements to its sewer system.

Subsequent events have been evaluated through August 2, 2012, which is the day the financial statements were available to be issued, and it has been determined that no other significant events have occurred for disclosure.

REQUIRED SUPPLEMENTAL INFORMATION (PART B)
BUDGETARY COMPARISON SCHEDULES

TOWN OF MANGHAM, LOUISIANA

**Statement of Revenues, Expenditures, and Changes in Fund Balances-
Budget and Actual (GAAP Basis)
General Fund (and all major governmental funds)
For the Year Ended June 30, 2011**

Required Supplemental Information

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance With</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary Basis</u>	<u>Final Budget Over(Under)</u>
Revenues				
Taxes:				
Sales and use	\$75,000	\$75,000	\$77,595	\$2,595
Franchise tax	13,600	13,600	16,758	3,158
Ad valorem tax	26,800	26,800	32,308	5,508
Other taxes, penalties, interest, etc.				0
Licenses and permits	21,000	21,000	30,052	9,052
Intergovernmental revenues:				
State funds:				
State revenue sharing (net)				0
Grant	35,000	35,000	29,800	(5,400)
Charges for services	41,000	41,000	41,344	344
Fines and forfeitures	45,000	45,000	40,088	(4,912)
Investment earnings	4,000	4,000	865	(3,135)
Other revenues	8,801	8,801	8,365	(1,536)
Total Revenues	271,301	271,301	276,976	5,675
Expenditures				
General Government	78,710	78,710	79,987	3,277
Public safety and protection	105,815	105,815	101,234	(4,581)
Public works	55,000	55,000	21,022	(33,978)
Sanitation	24,000	24,000	24,036	36
Culture and recreation	18,000	18,000	9,218	(8,782)
Capital Outlay	25,000	25,000	0	(25,000)
Total Expenditures	304,525	304,525	235,497	(69,028)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(33,224)	(33,224)	41,479	74,703
OTHER FINANCING SOURCES (USES)				
Transfers In	0	0	77,262	77,262
Transfers Out	0	0	(102,262)	(102,262)
Total Other Financing Sources and Uses	0	0	(25,000)	(25,000)
Net Change in Fund Balance	(33,224)	(33,224)	16,479	49,703
Fund Balance (Deficit) at Beginning of Year (Restated)	447,577	447,577	447,577	0
Fund Balance (Deficit) at End of Year	\$414,353	\$414,353	\$464,056	\$49,703

The accompanying notes are an integral part of this financial statement

OTHER SUPPLEMENTAL INFORMATION

Schedule II

TOWN OF MANGHAM, LOUISIANA

**Schedule of Compensation Paid Board Members
For the Year Ended June 30, 2011**

Board of Aldermen	Amount
Zona McKay	243
John Natt	260
Billy Bruce	173
Perry Fleming	173
Leslie Mizell	173
Total	<u><u>\$1,022</u></u>

The accompanying notes are an integral part of this financial statement

CAMERON, HINES & HARTT

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Certified Public Accountants

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable Mayor and Board of Aldermen of the
Town of Mangham, Louisiana

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Mangham, Louisiana (the Town) as of and for the year ended June 30, 2011, which collectively comprise the Town's basic primary government financial statements and have issued our report thereon dated August 2, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Town is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Town's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting. See the accompanying schedule of findings and questioned costs items 11-1, 11-2 and 11-4. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 11-3.

The Town's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Town's responses and accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Legislative Auditor, the Town of Mangham, Louisiana and federal awarding agencies and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Cameron, Hines & Hardt (APAC)

West Monroe, Louisiana
August 2, 2012

TOWN OF MANGHAM, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011 (continued)

11-1 Controls Over Accounting for Ticket Fines

Condition:

During the audit it was noted the Town was not reporting paid traffic violations to the Louisiana Department of Public Safety & Corrections.

Criteria & Effect:

R.S. 32:393C(1)(b) requires that all (paid and unpaid) traffic violations, except parking violations, be reported to the Louisiana Department of Public Safety & Corrections not later than 30 days after the date of such person's conviction and sentencing or the final disposition of the case. Failure to report these violations to DPS results in inaccuracies in offenders' driving records.

Recommendation:

It is recommended that all tickets, whether paid or unpaid, be sent to the Louisiana Department of Public Safety and Corrections.

Response:

The Town will make sure that every ticket, whether paid or unpaid, is sent to the Louisiana Department of Public Safety and Corrections.

11-2 Improving Segregation of Cash Duties

Condition:

At present, the Town Clerk of Mangham, Louisiana handles all aspects of the accounting system. She is responsible for, or has access to, the handling, recording and mailing of cash disbursements and receipts.

Criteria & Effect:

A fundamental concept in a good system of internal control is the segregation of duties.

Recommendation:

Although the size of the Town's accounting staff prohibits complete adherence to this concept, we believe the following practices could be implemented to improve existing internal control without impairing efficiency.

- Mail should be opened by an employee not responsible for accounting, such as the mayor or an alderman. Cash receipts could be recorded and the deposit prepared by this person.
- Cash receipts should be deposited intact daily. Holding receipts exposes the Town to loss.
- Bank statements, cancelled checks, etc. should be received by someone other than the employee maintaining cash records. Such items could be periodically reviewed prior to turning them over for reconciliation. Unusual items noted during the review should be investigated promptly.

TOWN OF MANGHAM, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011 (continued)

11-2 Improving Segregation of Cash Duties (continued)

- Signed checks should be also mailed without allowing them to be returned to the employee responsible for accounts payable.
- Management should review supporting documents for normal recurring disbursements (not usually reviewed) on a spot-check basis. Nonroutine testing would aid in ensuring compliance with Town policy for all disbursements.
- Credit card statements should be reviewed monthly by the mayor or an alderman.

Response:

The Town's Aldermen have the opportunity to review the bank statements and reconciliations at each monthly Council meeting. The monthly invoices are also reviewed at that time. Two signatures are required on all checks written and the Mayor reviews each invoice prior to his signature. The cost of hiring a second employee to provide these safeguards far outweigh the benefits.

11-3 Incomplete Budgets

Condition:

During the 2010 Louisiana Legislative regular session, requirements were added to the state budget law effective January 1, 2011, that required a budget message and a side-by-side detailed comparison of information for the current year, year-to-date actual receipts and revenues received and estimates of all receipts and revenues to be received the remainder of the year; estimated and actual revenues itemized by source; year-to-date actual expenditures and estimates of all expenditures to be made the remainder of the year itemized by agency, department, function, and character; and the percentage change for each item of information. These items were not in the 2011-2012 proposed budget as required.

Criteria & Effect:

By not having these items in the proposed budget, the Town is in violation of LA R.S. 39:1305 of the state budget law.

Recommendation:

We recommend that when the Town adopts its next year's budget that these items also be included with the budget report.

Response:

The Town will include these items in the 2011-2012 amended budgets and in next year's adopted budgets.

TOWN OF MANGHAM, LOUISIANA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2011 (continued)

11-4 Failure to Report Grant Funds

Condition:

The individual responsible for monitoring the Louisiana Development Community Block Grant notified us subsequent to the issuance of our report dated December 28, 2011 that grant funds received during the fiscal year 2011 were not reported on the financial statements of the Town.

Criteria:

Grant funds were received and disbursed yet never recorded on the Town's books.

Recommendation:

We recommend the Town maintain a separate file for each grant and that all activity involving that grant be maintained in that file including the grant application, approval, reimbursement requests, invoices, etc. A register should be included in the file that documents the flow of funds in and out of the grant and the dates on which they occurred including check numbers. Support showing the recording of the grants on the ledger should be included in the file as well.

Response:

The Town will begin maintaining individual files for each grant to better monitor grant funds and prevent this from happening in the future.

TOWN OF MANGHAM, LOUISIANA
STATUS OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011

10-1 Ticket Fines

Condition:

During the audit of the police department of the Town of Mangham, Louisiana, it was noted that the police chief accepts ticket fine payments, reduces the amount of some fines for defendants and dismisses fines for tickets written for traffic violations and other civil matters.

Recommendation:

All fines should be collected for the full amount of the fine and all money is to be collected at Town Hall, by the town clerk, and not at the police station by the chief of police. Also, only checks or money orders should be accepted as payment of the fines, no cash should be accepted. Finally, the decision to reduce or dismiss a fine rests solely with the Mayor's Court and should only be decided there.

Action Taken:

The Town now only accepts payments of fines at Town Hall, to the town clerk. The Mayor's Court has the only authority to reduce or dismiss tickets.

10-2 Controls Over Accounting for Ticket Fines

Condition:

Currently, there are no formal procedures or control over the accounting and collection of fines for citations. Nor are there formal controls over keeping track of outstanding or past due tickets. The current practice is for the town clerk to keep a log of outstanding tickets in a notebook after the chief of police notifies her of tickets issued. This has resulted in past due tickets being turned over late to the Louisiana Department of Public Safety & Corrections. Also, there are instances of failures to notify LDPS&C of tickets paid by defendants.

Recommendation:

It is recommended that a formal accounting policy be adopted by the Town of Mangham for the accounting tickets and citations, and the collection of fines. The Town should consider accepting as forms of payments checks or money orders only. The town clerk should be the person that accepts the payments of the fines and should try not to collect cash. If cash is given, a formal written receipt should be given for the payment.

Action Taken:

The clerk now provides receipts for any cash received. The Town now turns over any unpaid tickets to the Louisiana Department of Public Safety & Corrections within the required time period.

TOWN OF MANGHAM, LOUISIANA
STATUS OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011

10-3 Checks Made Payable to Cash

Condition:

During our audit, we found multiple checks made payable to cash for various reimbursements with no evidence of any support or receipt backup. The checks were payments for lunch provided to trustees doing work for the Town and also contract labor that is provided to the town for repairs and maintenance.

Recommendation:

We recommend that checks written for reimbursement, or any other expenditure, be made payable to the vendor authorized to cash such checks. Checks written for travel reimbursements should be made to the employee requesting the reimbursement only after a proper request has been made with the support provided, such as credit card or hotel receipts.

Action Taken:

The only reason the Town will write checks to cash is to pay the trustees and the check will have documentation supporting what it was written for.

10-4 Reimbursement of Travel Expenses

Condition:

During our audit, we noticed travel expenses were being reimbursed without any backup to support the reimbursement request.

Recommendation:

We recommend that no reimbursement be given without the proper support substantiating the reimbursement being requested.

Action Taken:

During January 2011, after the fiscal year 2010 audit, the Town implemented a new policy that they will no longer reimburse expenses unless a receipt is provided to verify the reimbursement.

10-5 Establish Controls over Cash Receipts

Condition:

Our audit of the Town of Mangham's procedures indicated that there is a lack of control in the receiving, depositing and recording of cash receipts. We observed receipts of cash taken by the town clerk and no receipt given. But it was noted that she logged it into her receipt book.

TOWN OF MANGHAM, LOUISIANA
STATUS OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2011

10-5 Establish Controls over Cash Receipts (continued)

Recommendation:

Because the Town has informed us that it would not be practicable to separate each of these duties, it would appear advisable to at least set up some form of control on cash receipts, such as a list of remittances received to be prepared at the time the mail is opened and the use of either prenumbered receipts or cash registers by the town clerk.

Action Taken:

A written receipt is given for all cash payments received at town hall but the Town feels that it is not cost beneficial to hire another employee.

10-6 Improving Segregation of Cash Duties

Condition:

At present, the Town Clerk of Mangham, Louisiana handles all aspects of the accounting system. She is responsible for, or has access to, the handling, recording and mailing of cash disbursements.

Recommendation:

Although the size of the Company's accounting staff prohibits complete adherence to this concept, we believe the following practices could be implemented to improve existing internal control without impairing efficiency.

- Mail should be opened by an employee not responsible for accounting, such as the mayor or an alderman. Cash receipts could be recorded and the deposit prepared by this person.
- Cash receipts should be deposited intact daily. Holding receipts exposes the Town to loss.
- Bank statements, cancelled checks, etc. should be received by someone other than the employee maintaining cash records. Such items could be periodically reviewed prior to turning them over for reconciliation. Unusual items noted during the review should be investigated promptly.
- Signed checks should be also mailed without allowing them to be returned to the employee responsible for accounts payable.
- Management should review supporting documents for normal recurring disbursements (not usually reviewed) on a spot-check basis. Nonroutine testing would aid in ensuring compliance with Town policy for all disbursements.
- Credit card statements should be reviewed monthly by the mayor or an alderman.

Action Taken:

The Town feels that it is not cost beneficial to hire another employee.